
NSAA

National State Auditors Association

STATE OF ALASKA
LEGISLATIVE AUDITOR
QUALITY ASSESSMENT REVIEW
FOR THE PERIOD JULY 1, 1990
THROUGH JUNE 30, 1991

National State Auditors Association

October 8, 1991

Randy S. Welker, CPA
Legislative Auditor
Division of Legislative Audit
P.O. Box W
Juneau, AK 99811-3300

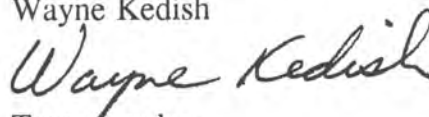
Dear Mr. Welker:

We have reviewed the system of quality control to obtain reasonable assurance of compliance with generally accepted government auditing standards in effect for the Alaska Division of Legislative Audit for audits issued during the period July 1, 1990 through June 30, 1991 and the FYE 6-30-90 Alaska Statewide Single Audit. We have conducted our review in conformity with the policies and procedures for quality control peer reviews established by the National State Auditors Association (NSAA). We tested the Division's compliance with the system of quality control policies and procedures to the extent we considered necessary in the circumstances. These tests included the application of the Alaska Division of Legislative Audit's policies and procedures to selected audit engagements.

In performing our review, we have given consideration to the general characteristics of a system of quality control as described in the quality control peer review guidelines issued by the NSAA. Such a system should be appropriately comprehensive and suitably designed in relation to the Division's organizational structure, its policies, and the nature of its functions. Because variance in individual performance can affect the degree of compliance with the Division's prescribed quality control policies and procedures, adherence to all policies and procedures in every case may not be possible. Nevertheless, compliance does require the Division to adhere to prescribed policies and procedures in most situations.

In our opinion, the system of quality control provided reasonable assurance of compliance with generally accepted government auditing standards for the Alaska Division of Legislative Audit in effect for audits issued during the period July 1, 1990 through June 30, 1991 and the Statewide Single Audit for the FYE June 30, 1990 which will be issued during the Fall of 1991, met the objectives of the quality control peer review guidelines established by the NSAA, and was being complied with during the year under review.

Wayne Kedish



Team Leader
National State Auditors Association
Review Team

National State Auditors Association

October 8, 1991

Randy S. Welker, CPA
Legislative Auditor
Division of Legislative Audit
P.O. Box W
Juneau, AK 99811-3300

Dear Mr. Welker:

We have reviewed the system of audit quality control in effect for the Alaska Division of Legislative Audit during the period July 1990 through June 1991. We have issued a separate unqualified report thereon dated October 8, 1991. This letter should be read in conjunction with that report.

Our review was for the purpose of reporting upon the division's system of quality control and its compliance with established policies and procedures and applicable auditing standards. Our review was based on selective tests and reflects the system of quality control in place for those items tested. Because our review was based on selective tests, it would not necessarily disclose all weaknesses in the system or all instances of noncompliance with it.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of quality control. In the performance of most control procedures, departures can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Our review was for the period indicated and projection of any evaluation of the system of quality control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

During our review, we noted no departures from auditing standards that could have a material effect on the audit organization's system of quality control.

Background

The division performs financial-compliance, performance, and special audits of Alaska state agencies. We reviewed these functions of the division for conformance with the Government Auditing Standards issued by the Comptroller General of the United States. We also assessed the division's quality controls and procedures for audit reports issued.

We performed this review under the auspices of the National State Auditors Association (NSAA), in conjunction with the National Association of State Auditors, Comptrollers and Treasurers (NASACT).

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To assess the quality control policies and procedures, we used the approved policies and procedures for NSAA peer reviews and those documents specifically prepared for NSAA peer reviews. The review team was selected by NASACT. All team members were auditors with at least a supervisory level of experience. The team members were as follows:

Scotty Dickens, CPA	Audit Supervisor, North Carolina Office of the State Auditor, Concurring Reviewer
Wayne Kedish, CPA	Audit Manager, Montana Legislative Audit, Team Leader
Charles Reisig, CPA	Senior Auditor, U.S. Department of Health & Human Services, Seattle
Michael Torvinen, CPA	Deputy Legislative Auditor, Nevada Legislative Council Bureau, Audit Division
Karen Whitaker	Audit Supervisor, Delaware Office of the Auditor of Accounts
John Donelan, CPA	Audit Manger, Illinois Office of the Auditor General

The selection of audits for review was guided by the policies and procedures for performing quality control reviews approved by NSAA. Audits selected for review were from a listing provided by the division. This listing, as summarized below, represents all audit reports issued during the period under review. We selected a representative sample of audits in a manner that enabled us to examine the work of most managers and supervisors employed during the period under review. The following table lists the number of each type of audit selected and the percentage these audits represent of the total audit effort.

Audit Reports Issued and Audits Reviewed

Type of <u>Audit</u>	Number <u>Issued</u>	Number <u>Reviewed</u>	Percentage of Audit Effort <u>(Hours) Reviewed</u>
Financial/Compliance Audits	4	1	73%
Performance/Special Audits	26	3	20%

Total hours for audits subject
to Peer Review

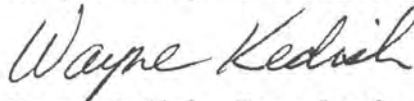
Financial/Compliance	35,862
Performance/Special	<u>22,205</u>
Total Hours	58,067

Hours included in audits tested	30,378
% of hours covered	52%

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This letter of comments is intended solely for the use of the Alaska Division of Legislative audit and should not be used for any other purpose, except at the discretion of the State Auditor. We appreciate the cooperation and assistance extended by the management and staff of the Legislative Auditor. Their assistance was invaluable in the timely completion of this project.

Respectfully submitted,



Wayne Kedish, Team Leader
National State Auditors
Association
Peer Review Team